

Michael D. Alarcon
Executive Director
Federal Regulatory

SBC Telecommunications, Inc.
1401 I Street, N.W., Suite 1100
Washington, D.C. 20005
Phone: 202 326-8874
Fax: 202 408-4807



EX PARTE OR LATE FILED

RECEIVED

OCT 31 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 31, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, D.C. 20554

RE: Provision of Directory Listing Information; CC Dkt. No. 99-273/

Dear Ms. Salas,

On October 30, 2001, the undersigned and Shauna Spratt (via conference call) of SBC, Mary Henze of BellSouth, Marie Breslin and Bob Lyons (via conference call) of Verizon, and Clark Conniff (via conference call) of Qwest met individually with Matthew Brill, Legal Advisor to Commissioner Abernathy and Jordan Goldstein, Legal Advisor to Commissioner Copps. On October 31, 2001, the undersigned and Shauna Spratt (via conference call) of SBC, Marie Breslin of Verizon and Clark Conniff (via conference call) of Qwest met with Sam Feder, Legal Advisor to Commissioner Martin.

During the meeting, the companies discussed the status of competition in the directory assistance market and the potential impact of changing 411. A copy of the presentation used during these meetings is included with this submission.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Michael Alarcon".

Attachment

CC: M. Brill
S. Feder
J. Goldstein

No. of Copies rec'd 0
List A B C D E

Competition in the Directory Assistance Market

October 30, 2001
BellSouth, SBC, Verizon, and Qwest

1. Directory assistance market is competitive today

- Consumers have numerous choices for accessing DA information
 - Wireline Carriers (ILEC, IXC or CLEC)
 - Alternative dialing providers
 - Wireless DA
 - Internet-based, searchable directories (too numerous to count)
- Consumers are taking advantage of current competition
 - Since 1996, ILECs have experienced over 50% reduction in 411 call volume
 - Recent Frost & Sullivan survey estimates that
 - Internet DA market growth rate is **32.9%**
 - Wireless DA market growth rate is **13.3%**
 - Overall wireline DA market growth rate is **-2.4%**
- DA competitors continue to thrive
 - Metro One, in May, 2001, quarterly report states “Call volume and revenues increased 76% and 69%, respectively, in the first quarter of 2001 from the first quarter of 2000, and profits grew to \$5,003,000 from \$1,121,000”
 - InfoNXX was recently recognized by Inc. Magazine, making the *Inc. 500 List of America's Fastest-Growing Private Companies*.

2. Telegate has asked FCC to change 411 to Promote DA Competition

- **Telegate argues that ILEC control of 411 equates to control of DA info market**

However:

- Market trends show ILECs do not control market, in fact, are losing market share
- Success of competitive DA providers proves 411 is not barrier to entry

- **Telegate argues that changing 411 would be easy and inexpensive; offers two proposals: 411 presubscription & vacate 411/adopt uniform codes**

However:

- Both proposals would be confusing to consumers
- Both proposals would be costly to implement
- Both proposals ignore current state regulatory requirements

- **Telegate argues that consumers would benefit from change from 411**

However:

- Most customers call 411 infrequently

Approximately 80% of customers make three or fewer DA call per month
Approximately 5% of customers account for 80% of DA usage

- ILEC providers already provide innovative and accurate services

3. Recent Actions in European Market were Meant to Introduce DA Competition

- UNE Remand Order “Competition in the provision of operator services and directory assistance has existed since divestiture.”
 - While regulatory bodies in Europe, to our knowledge, have made no such finding
- European DA market is striving to provide what already exists in the U.S. DA market
- Each European country had its own access code, limited competition and limited service offerings
- ILEC 411 market has continued to provide innovative services to consumers, including, but not limited to:
 - Call completion, as early as the mid-1980s
 - Language (Spanish, Polish, among others) specific DA, as early as mid-1980s
 - National DA, as early as the mid-1990s

4. Potential Costs of Changing 411 Outweigh Presumed Benefits

- Changing 411 would be disruptive to consumers
- Consumers are not demanding change
- Telegate's claims about U.S. market and quality of DA service are unsubstantiated
- DA information market is competitive, robust and innovative
- Market dynamics should be allowed to continue, no regulatory intervention needed